

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Material to be Filed in Support of	)	WC Docket No. 13-76
2013 Annual Access Tariff Filings	)	

**ORDER**

**Adopted: April 19, 2013**

**Released: April 19, 2013**

By the Acting Chief, Pricing Policy Division, Wireline Competition Bureau

**I. INTRODUCTION**

1. In this Order, we set forth the Tariff Review Plans (TRPs) that are available for all incumbent local exchange carriers (ILECs) to use to support the annual revisions to the rates in their interstate access service tariffs.<sup>1</sup> The completion of the TRPs appended to this document will provide the supporting documentation to partially fulfill the requirements established in sections 61.41 through 61.49 of the Commission's rules, and the requirements established in sections 51.700 through 51.715 and 51.901 through 51.919 of the Commission's rules.<sup>2</sup> The TRPs display basic data on rate development in a consistent manner, thereby facilitating review of the ILEC rate revisions by the Commission and interested parties.<sup>3</sup> The annual TRPs have served this purpose effectively for numerous years.

2. On November 18, 2011, the Commission released the *USF/ICC Transformation Order*,<sup>4</sup> which established a number of rules requiring ILECs to adjust, over a period of years, many of their switched access charges effective on July 1 of each of those years, with the ultimate goal of transitioning to a bill-and-keep regime at the end of the transition.<sup>5</sup> The Commission also adopted a recovery mechanism to mitigate the impact of reduced intercarrier revenues on carriers and to facilitate continued investment in broadband infrastructure, while providing greater certainty and predictability going forward than the *status quo*.<sup>6</sup> As part of the recovery mechanism, the Commission defined as "Eligible Recovery" the amount of intercarrier compensation revenue reductions that incumbent LECs would be eligible to

<sup>1</sup> The filing date and comment periods were released earlier in a separate order. *See July 2, 2013 Annual Access Charge Tariff Filings*, WC Docket No. 13-76, Order, DA 13-553 (Pricing Pol. Div., rel. Mar. 26, 2013) (*Procedures Order*).

<sup>2</sup> 47 C.F.R. §§ 61.41-61.49, 51.700-715 and 51.901-919.

<sup>3</sup> TRP formats for the annual filings are developed for the specific circumstances of the calendar year in which the revised rates will become effective. We refer to the TRPs discussed in this document as the 2013 TRPs.

<sup>4</sup> *See Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd at 17982 (2011) (*USF/ICC Transformation Order*), *pets. for review pending sub nom. In re: FCC 11-161*, No. 11-9900 (10th Cir. filed Dec. 8, 2011).

<sup>5</sup> *See USF/ICC Transformation Order*, 26 FCC Rcd at 17934-35, para. 801 (although many of the switched access rate elements are subject to the transition adopted, other rates are not being specifically reduced at this time). *See also id.* at 18109-115, paras. 1297-1314 (seeking comment on the appropriate transition for rate elements not specifically addressed in the Order).

<sup>6</sup> *Id.* at 17677, para. 36.

recover through a combination of end-user charges (Access Recovery Charge or the ARC)<sup>7</sup> and, where eligible and if a carrier elects to receive it, Connect America Fund support.<sup>8</sup> A carrier's Eligible Recovery is based on a percentage of the reduction in revenue each year resulting from the intercarrier compensation reform transition.<sup>9</sup>

3. Rate-of-return ILECs subject to section 61.39 of the Commission's rules<sup>10</sup> are required to file access service tariff revisions this year, an odd-numbered year.<sup>11</sup> Although such carriers are usually not required to submit supporting documentation with their tariff filings,<sup>12</sup> if a carrier is claiming Eligible Recovery for tariff year 2013-2014, it must submit the attached ARC spreadsheets and the ROR-ILEC-ICC-data workbook. For the remainder of its access charges, the Commission may require the submission of supporting documentation as may be necessary for the review of a tariff filing.<sup>13</sup> The completion of the attached "RORTRP13Final" form will assist the Commission in that review.

4. Rate-of-return ILECs subject to section 61.38 of the Commission's rules<sup>14</sup> historically would not have been required to file access service tariffs this year, since they file revisions in even-numbered years.<sup>15</sup> Pursuant to the *USF/ICC Transformation Order*, however, if a rate-of-return ILEC subject to section 61.38 of the Commission's rules is claiming Eligible Recovery for tariff year 2013-2014, that ILEC must file a TRP with the requisite supporting material to justify that recovery, which would include the attached ARC spreadsheets and the ROR-ILEC-ICC-data workbook.<sup>16</sup>

5. Based on the Wireline Competition Bureau's (Bureau) experience in reviewing TRPs in prior years, the submission by price cap ILECs of the attached Short Form TRP on May 17, 2013, together with comments and reply comments by interested parties, will aid the Bureau in analyzing the annual demand and rate revisions to be filed in June 2013. Section II addresses several waiver issues related to the filing of the 2013 TRPs and supporting documentation. Section III describes the 2013 TRP for price cap ILECs and section IV addresses the 2013 TRP for rate-of-return ILECs.

## II. WAIVERS

### A. Short Form TRP

6. For the last several years, the Bureau granted a waiver to all price cap ILECs from the requirement that they submit PCI-1<sup>17</sup> and IND-1<sup>18</sup> spreadsheets as part of the short form TRP.<sup>19</sup> On

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<sup>7</sup> *Id.* at 17958, para 852.

<sup>8</sup> *Id.* at 17957, para. 850.

<sup>9</sup> *Id.* at 17957-17958, paras. 850-51. In creating the recovery mechanism, the Commission concluded that "it is appropriate to first look to customers paying lower rates for some limited, reasonable recovery, and adopt[ed] a number of safeguards to ensure that rates remain affordable and that consumers are not required to contribute an inequitable share of lost intercarrier revenues." *Id.* at 17957, para. 850.

<sup>10</sup> 47 C.F.R. § 61.39.

<sup>11</sup> *Id.* § 61.39(f)(2).

<sup>12</sup> *Id.* § 61.39(b).

<sup>13</sup> *Id.* § 61.39(a).

<sup>14</sup> *Id.* § 61.39 (rate-of-return carriers that file tariffs based on historical costs and demand).

<sup>15</sup> *Id.* § 69.3(f)(2).

<sup>16</sup> See *USF/ICC Transformation Order*, 26 FCC Rcd at 17988-94, paras. 906-916; 47 C.F.R. § 51.917(e).

<sup>17</sup> The PCI-1 spreadsheet displays the calculation of the price cap indices for the price cap baskets.

February 8, 2013, the United States Telecom Association (USTelecom) filed a request for the same waiver for the 2013 filing.<sup>20</sup> The USTelecom Petition clarifies that all price cap ILECs would continue to file the EXG-1<sup>21</sup> spreadsheet and their exogenous work papers as part of their short form TRPs.<sup>22</sup> By Public Notice issued February 12, 2013, we sought comment on the USTelecom Petition, and no comments were filed.<sup>23</sup>

7. We grant the USTelecom Petition waiver for the 2013 annual access tariff filing. We find that a waiver is justified because carriers will submit the waived information as part of their long form TRPs, giving the Commission and interested parties an opportunity to review this information. Accordingly, price cap ILECs will not be required to file the PCI-1 and IND-1 spreadsheets as part of the short form 2013 TRP, however, all price cap ILECs will still be required to file the EXG-1 spreadsheet and their exogenous work papers by May 17, 2013.

## **B. Rate Level and Rate Structure Issues**

8. In the *USF/ICC Transformation Order*, the Commission noted that in many states, intrastate switched access rates are significantly higher than interstate switched access rates; in others, intrastate switched access and interstate switched access rates are at parity; and in still other states, intrastate access rates are below interstate levels.<sup>24</sup> The Commission noted that this rate disparity created “pervasive competitive distortions within the industry.”<sup>25</sup> The Commission, therefore, adopted transition mechanisms for incumbent LECs and competitive LECs that require carriers to reduce intrastate switched access rates in 2012 and 2013 if intrastate rates are higher than interstate rates.<sup>26</sup> In making the comparison for rate changes required in 2012, the Commission did not focus on specific rates, but compared certain intrastate revenues resulting from switched access demand for Fiscal Year 2011 to the revenues for the same demand priced at corresponding interstate rates for the same period.<sup>27</sup> If the

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<sup>18</sup> The IND1 spreadsheet displays the price cap indices, actual price indices, service band indices and the upper limits of those service band indices.

<sup>19</sup> See, e.g., Material to be Filed in Support of 2010 Annual Access Tariff Filings, WCB/Pricing File No. 10-04, 25 FCC Rcd 2872, 2873, para. 5 (Wireline Comp. Bur. 2010); Material to be Filed in Support of 2011 Annual Access Tariff Filings, WCB/Pricing File No. 11-05, 26 FCC Rcd 4938, 4939, para. 5 (Wireline Comp. Bur. 2011).

<sup>20</sup> See Petition of the United States Telecom Association for Waiver of Rule 61.49(k)’s Non-Exogenous Cost Data Requirements for the Short Form Tariff Review Plan and for Waiver of Rule 61.49(k)’s Deadline for Filing the Exogenous Cost Data Requirements of the Short Form Tariff Review Plan, WC Docket No. 13-43 (filed Feb. 8, 2013) (USTelecom Petition).

<sup>21</sup> The EXG1 spreadsheet displays various exogenous cost changes to the PCIs. It is described in more detail below.

<sup>22</sup> USTelecom Petition at 2.

<sup>23</sup> *United States Telecom Association Petition for Waiver of Requirements in Section 61.49(k) of the Commission’s Rules for the Short Form Tariff Review Plan*, WC Docket No. 13-43, Public Notice, DA 13-188 (Pricing Pol. Div. rel. Feb. 12, 2013).

<sup>24</sup> *USF/ICC Transformation Order*, 26 FCC Rcd at 17929-30, para. 791.

<sup>25</sup> *Id.*

<sup>26</sup> See 47 C.F.R. § 51.907(b)-(c); 47 C.F.R. § 51.909(b)-(c). The Commission also required carriers to reduce Non-Access Reciprocal Compensation rates in two steps so they don’t exceed the carrier’s tariffed interstate access rates as of July 1, 2013. See 47 C.F.R. § 51.705 (c)(2)-(3).

<sup>27</sup> *Id.*

intrastate revenues were higher, the carrier was required to make reductions in its intrastate switched access rates in 2012.<sup>28</sup>

9. Under the methodology adopted in the transition rules, the reductions in a carrier's revenues resulting from the lower intrastate rates that took effect on July 3, 2012<sup>29</sup> had to equal one-half of the difference between the compared revenue levels.<sup>30</sup> On June 5, 2012, the Bureau released an Order clarifying the flexibility permitted in implementing the first step in the reduction of a carrier's intrastate rates.<sup>31</sup> The Bureau stated that, for carriers required to make reductions to intrastate switched access rates in 2012 under the intercarrier compensation transition, achievement of unified rate levels and rate structure overrides the prohibition on rate element increases included in the adopted transition rules.<sup>32</sup> The Bureau also concluded that a carrier required to make intrastate rate reductions in 2012 may increase individual intrastate switched access rate element levels to levels above comparable interstate rate element levels in 2012 without violating the prohibition on raising intrastate switched access rates so long as the overall reduction principle is satisfied.<sup>33</sup> For carriers required to make intrastate switched access rate reductions in 2012, the Bureau clarified that any intrastate switched access rate element that is below the functionally equivalent interstate switched access rate must be increased to the interstate level no later than July 2, 2013 to be consistent with the use of aggregate revenue relations reflected in our transition rules.<sup>34</sup> On July 2, 2013, the intrastate switched access rates for all carriers required to make rate reductions in 2013 will be at parity with interstate switched access rates and rate structure.<sup>35</sup>

10. In Step Two of the transition, on July 2, 2013, a rate-of-return ILEC that was not required to reduce its intrastate rates in 2012 must reduce any intrastate rates that are above the functionally equivalent interstate rates and adopt the interstate rate structure for all of its intrastate rates.<sup>36</sup> A price cap ILEC that was not required to reduce intrastate rates in 2012 must reduce any intrastate rates that are above the functionally equivalent interstate rates to the interstate rates and must adopt the interstate rate structure for its intrastate rates once the carrier's Transitional Intrastate Access Service rates are equal to its functionally equivalent interstate access rates.<sup>37</sup> The transition rules also appear to prohibit a carrier from raising any intrastate rates that are lower than its functionally equivalent interstate rates in making this transition.<sup>38</sup>

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<sup>28</sup> *Id.*

<sup>29</sup> See *Material to be Filed in Support of 2012 Annual Access Tariff Filings*, WCB/Pricing File No. 12-08, Order, 27 FCC Rcd 3960, at para. 2 (Pricing Pol. Div. 2012).

<sup>30</sup> See 47 C.F.R. § 51.907(b)(2); 47 C.F.R. § 51.909(b)(2).

<sup>31</sup> See *Connect America Fund et al.*, WC Docket No. 10-90 et al., Order, 27 FCC Rcd 5986, 5987-90, paras. 4-9 (2012) (*Clarification Order*).

<sup>32</sup> *Id.* at 5989, para. 7.

<sup>33</sup> *Id.* at 5989, para. 8.

<sup>34</sup> *Id.*

<sup>35</sup> See 47 C.F.R. § 51.907(c); 47 C.F.R. § 51.909(c). We note that in the *Procedures Order*, we established July 2, 2013 as the effective date for the 2013 Annual Access Charge Tariff Filing. See *Procedures Order* at para. 2. See also *Connect America Fund et al.*, WC Docket No. 10-90 et al., Order, DA 13-564 (Wireline Comp. Bur. rel. Mar. 27, 2013).

<sup>36</sup> 47 C.F.R. § 51.909(c).

<sup>37</sup> 47 C.F.R. § 51.907(c).

<sup>38</sup> 47 C.F.R. § 51.907(b)(2)(vi). See *USF/ICC Transformation Order*, 26 FCC Rcd at 17932-33, para. 798.

11. Questions have been raised concerning the implementation of Step Two of the transition for carriers that did not have to make rate reductions in 2012.<sup>39</sup> Carriers have asked for the flexibility to raise individual intrastate rate elements when some of a carrier's intrastate switched access rates in a particular state are lower than the functionally equivalent interstate switched access rates, while other rates are higher than the functionally equivalent interstate rates so long as the end result is revenue neutral. As a general matter, carriers agree that they are required to bring intrastate switched access rates down to parity with interstate switched access rates and adopt the interstate rate structure for those rates. Some carriers have requested the authority to increase their intrastate rates that are below the interstate rates for their functionally equivalent rate elements by an amount that would maintain revenue neutrality with respect to the revenues received from intrastate switched access services. They note that the end result is similar to that of a carrier moving to the interstate rate structure in 2013 that has to establish new intrastate switched access rate elements, which on its face could be viewed as violating the prohibition on intrastate switched access rate increases.<sup>40</sup>

12. We conclude that some clarification and a limited waiver of the rules governing the transition from intrastate switched access rates and rate structures to interstate switched access rates and rate structures is warranted to assist carriers in making their 2013 intrastate switched access tariff filings and to provide guidance to state commissions that are responsible for reviewing these filings. In the *Clarification Order*, we recognized that at the composite level, the 2012 rate reductions were moving in the right direction and that rate and rate structure parity was an important objective of the Commission that overrode the restriction on rate increases.<sup>41</sup> Step Two of the transition requires carriers to reduce intrastate switched access rates so that no intrastate rate is higher than its functionally equivalent interstate switched access rate.<sup>42</sup> For a carrier making its first required intrastate rate reduction this year, the composite intrastate switched access rate is by definition below the interstate composite switched access rate. We believe that in the context of Step Two of the transition, the prohibition on increasing intrastate switched access rates is best evaluated in light of revenue neutrality within the composite rate relationship, and that comparing one tariffed rate to another tariffed rate should be limited to ensuring that no intrastate switched access rate for an intrastate rate element is above the interstate rate for a functionally equivalent interstate rate element.<sup>43</sup> Given these factors, we conclude that, similar to our conclusion last year, the prohibition on rate increases was not intended to prohibit rate increases in some intrastate rate elements that are below their functionally equivalent interstate switched access rate elements if the increased revenues from the increased rate elements equal the revenue reductions from the rate elements with lowered rates.<sup>44</sup> This also has the benefit of not increasing a carrier's Eligible Recovery and, thus, possibly the demands on Connect America Fund ICC support.

13. Accordingly, we waive sections 51.907(c)(3) and 51.909(c)(1) for carriers making their initial intrastate switched access rate reductions in 2013 to the extent necessary to permit rate increases so long as the overall rate adjustments are revenue neutral.<sup>45</sup> Transitional Intrastate Access Service has three

<sup>39</sup> Because these carriers were not required to reduce rates in 2012, they are not covered by the *Clarification Order*.

<sup>40</sup> See 47 C.F.R. § 51.907(c); 47 C.F.R. § 51.909(c).

<sup>41</sup> See *Clarification Order*, 27 FCC Rcd at 5989, para. 7.

<sup>42</sup> See 47 C.F.R. § 51.907(c); 47 C.F.R. § 51.909(c).

<sup>43</sup> *Clarification Order*, 27 FCC Rcd at 5989, para. 7.

<sup>44</sup> We require the carrier to file supporting documentation along with its TRP to demonstrate that such an increase is revenue neutral. Carriers shall use the 2011 fiscal year demand levels to make the revenue neutrality showing. The documentation should include all calculations, assumptions, methodology and data to demonstrate that any rate increase was revenue neutral.

<sup>45</sup> Thus, a carrier that must reduce some of its intrastate switched access rates in 2013 to interstate rate levels shall increase other intrastate switched access rates enough to make the adjustment revenue neutral.

broad groupings: end office services, terminating tandem transport, and other services. A carrier should initially increase a rate in the grouping in which the rate reduction is taken to avoid gaming the process by increasing rates for elements that do not decline as soon, or at all. Furthermore, no intrastate switched access rate may be higher than the rate for the corresponding interstate switched access rate element. We encourage price cap ILECs to adopt the interstate switched access rate structure, even if such rate structure parity is not yet required under section 51.907(c)(1) of our rules since some rate structure parity will be necessary when end office services begin to transition in 2014.

### III. PRICE CAP TARIFF REVIEW PLAN

14. In the *LEC Price Cap Order*,<sup>46</sup> the Commission adopted price cap regulation for certain ILECs, effective January 1, 1991. Companies that currently file interstate access tariffs pursuant to the price cap rules include the ACS Companies; AT&T Services, Inc.;<sup>47</sup> CenturyTel Operating Companies; Cincinnati Bell Telephone Company; Consolidated Communications; Embarq Local Telephone Companies (Embarq LTC); the FairPoint Telephone Companies; Frontier Telephone Companies; Hawaiian Telecom, Inc.; Illinois Consolidated Telephone Company; Micronesian Telecommunications Corp.; Puerto Rico Telephone Company; Qwest Corporation; the Verizon Telephone Companies; Virgin Island Telephone Company; and Windstream Telephone System. All companies that file pursuant to price cap regulation in the 2013 annual filing should also file the price cap TRPs outlined below and contained in the Appendix.

#### A. Modifications to the Price Cap TRP

15. In the 2013 price cap annual access TRP, we adopt a number of changes to the 2012 TRP. The spreadsheets and workpapers are discussed in detail in Section B below and are contained in the Appendix.

16. The 2013 TRP requires those price cap ILECs that price certain common line rate elements separately by jurisdiction within a study area to provide such individual rates instead of a roll up or average rate. These common line rate elements will be found in a separate form called the CAP-1J form.

17. In the 2013 TRP, price cap ILECs will provide a worksheet listing services that have been removed from price caps, the tariff sections associated with such services, and the date and reason services were removed from price caps. We provide the format for the worksheet in the Excluded Service section in Part B below.

#### B. TRP Spreadsheets and Workpapers

##### 1. ARC Spreadsheets

18. The ARC spreadsheets consist of four individual spreadsheets that demonstrate the calculations necessary to arrive at an ARC rate for filing carriers. These spreadsheets were created in the 2012 TRP to comply with section 51.915(e) of the Commission's rules and include: The Rate Ceiling CAF and No CAF Spreadsheets, and the Tariff Rate Comparison CAF and No CAF Spreadsheets.<sup>48</sup> This year these spreadsheets have been modified to reflect the increase of the maximum ARC rates.

<sup>46</sup> *Policy and Rules Concerning Rates for Dominant Carriers*, CC Docket No. 87-313, Order, 5 FCC Rcd 6786 (1990) (*LEC Price Cap Order*), *recon.*, 6 FCC Rcd 2637 (1991), *further recon.*, 6 FCC Rcd 4524 (1991), 7 FCC Rcd 5235 (1992), *National Rural Telecom Ass'n v. FCC*, 988 F.2d 174 (D.C. Cir. 1993).

<sup>47</sup> AT&T companies that will file TRPs include: Ameritech Operating Company; BellSouth Telephone Company; Nevada Bell Telephone Company; Pacific Bell Telephone Company; Southern New England Telephone (SNET); and Southwestern Bell Telephone.

<sup>48</sup> 47 C.F.R. § 51.915(e).

## **2. Access Reduction Spreadsheet**

19. The Access Reduction spreadsheet identifies the intrastate rates that are required to be reduced pursuant to section 51.907(b)-(g) of the Commission's rules and calculates the amount of the reductions. This is a spreadsheet created in the 2012 TRP to comply with sections 51.907 (b)-(g) and 51.915(d) of the Commission's rules.<sup>49</sup> This year, the Access Reduction Spreadsheet has been modified to reflect rate adjustments effective in the July 2, 2013 annual access charge tariff filing. Transitional Intrastate Access Service rates shall be no higher than the price cap carrier's functional equivalent interstate access rates.

## **3. Eligible Recovery Spreadsheet**

20. The Eligible Recovery spreadsheet calculates the amount of Eligible Recovery a price cap ILEC is entitled to receive pursuant to section 51.915(d) of the Commission's rules.<sup>50</sup> This is a spreadsheet created in the 2012 TRP to comply with section 51.915 (d) of the Commission's rules. This year, the Eligible Recovery Spreadsheet has been modified to change formulas in compliance with Commission rules for the 2013 Annual Access Charge Tariff Filing and to add a column to account for study areas that converted to price cap regulation in 2013.

## **4. Reciprocal Compensation Spreadsheet**

21. The Reciprocal Compensation spreadsheet demonstrates the calculations necessary to comply with section 51.705 of the Commission's rules and calculates the Eligible Recovery for reciprocal compensation rate reductions pursuant to section 51.915(d). This is a spreadsheet created in the 2012 TRP to comply with section 51.705 and 51.915 (d) of the Commission's rules.<sup>51</sup> This year, the Reciprocal Compensation Spreadsheet has been modified to reflect the rate adjustments effective in the July 2, 2013 annual access charge tariff filing. Additionally, non-CMRS reciprocal compensation, if above the price cap ILEC's interstate access rate, must be reduced to parity with the interstate access rate.

## **5. IND1 Spreadsheet**

22. The IND1 spreadsheet displays price cap indices (PCIs), actual price indices (APIs), service band indices (SBIs), and upper SBI limits. It is unchanged from the version in the 2012 TRP. For the special access and interexchange baskets, to assist in verifying the historical indices reported in IND1, price cap ILECs must continue to file workpapers that identify transmittals in which the current index levels became effective.

## **6. CAP Spreadsheets**

23. Price cap ILECs develop the End User Common Line Charge (EUCL), the Presubscribed Interexchange Carrier Charge (PICC), and Carrier Common Line (CCL) rates, the rates that recover common line, marketing and transport interconnection (CMT) revenue, on CAP-1, CAP-2, CAP-3, CAP-4, and CAP5. There are no revisions to these spreadsheets.

## **7. PCI1 Spreadsheet**

24. The PCI1 spreadsheet displays the calculation of the PCIs for the price cap baskets and includes the following data: (1) the Gross Domestic Product Price Index (GDP-PI) measuring inflation; (2) the productivity offset (X-Factor);<sup>52</sup> (4) the exogenous cost change (Z); (5) the base-year (calendar-

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<sup>49</sup> *Id.* at §§ 51.907 (b)-(g), 51.915(d).

<sup>50</sup> *Id.* at § 51.915(d).

<sup>51</sup> *Id.* at §§ 51.907, 51.915(d).

<sup>52</sup> The X-Factor is set pursuant to section 61.45 of the Commission's rules. *Id.* at § 61.45.

year 2012) revenue R for each basket; and (6) the weighting factor (w) used in computing the PCIs. There are no revisions to these spreadsheets.

## **8. SUM1 Spreadsheet**

25. This is a summary spreadsheet displaying the revenues in baskets and categories. It displays the base-year (calendar year 2012) service demand multiplied by: (1) current rates; and (2) proposed rates. SUM1 is used to calculate the difference in revenues using base-year demand, under current and proposed rates. There are no revisions to the SUM1 spreadsheet.

## **9. EXG Spreadsheets**

26. The EXG1 spreadsheet displays the exogenous cost changes to the PCIs attributable to any: (1) sale of exchanges; (2) FCC regulatory fees; (3) excess deferred taxes; (4) amortization of investment tax credits; (5) low end adjustment calculations; (6) fees associated with Telecommunications Relay Service; (7) changes in the allocation of costs between regulated and unregulated activities; (8) NANPA expenses; (9) removal of thousand block number pooling; and (10) other exogenous cost changes the ILECs may file. There are no revisions to the EXG1 spreadsheet.

27. The EXG2 spreadsheet displays the net exogenous shifts related to bands and zones. There are no revisions to the EXG2 spreadsheet.

## **10. Combined Indices**

28. The TRP includes a subprogram or switch that allows price cap ILECs to combine several study areas for purposes of calculating common line basket and service band indices.<sup>53</sup> Thus, price cap ILECs may file different tariffed rates while combining indices across all study areas for maintaining headroom, the difference between maximum allowable revenues (PCI revenues) and forecasted revenues (API revenues). There are no revisions to these spreadsheets.

## **11. RTE1 Spreadsheets**

29. These spreadsheets display information used to compute the APIs, SBIs, and upper SBI limits. They display calendar year 2012 demand, current rates, proposed rates, and revenues computed by multiplying the 2012 demand by current and proposed rates. The RTE1 spreadsheets enable the Commission to verify the accuracy of “R,” the revenue variable in the PCI formula that equals base period (2012) demand multiplied by rates. Demand and price data are reported in the aggregate under the primary rate elements of each category. The level of aggregation in the RTE1 spreadsheets allows rapid, consistent verification of index calculations across all companies. There are no revisions to these spreadsheets.

## **12. Rate Detail Spreadsheet**

30. In their previous annual filings, each price cap ILECs provided a spreadsheet that gave complete rate element detail, *i.e.*, demand, existing rates, and proposed rates for each rate element subject to price caps. Price cap ILECs should again file this spreadsheet with their 2013 annual access tariff filing. We leave unspecified the exact format of the rate detail spreadsheet because each price cap ILEC has a different number of rate elements. For each rate element, however, price cap ILECs should display the rate element name, jurisdiction, base period demand, current rates, and proposed rates. Price cap ILECs also may include a rate identifying code. The revenue amounts for baskets and categories should be totaled to assist in verifying the agreement between this form and the revenue amounts in RTE1. The variation in the number of rate elements among price cap ILECs prevents us from specifying the row numbers, but each row of this

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<sup>53</sup> This switch in the program would apply, for example, to Verizon and Embarq LTC, which have submitted TRPs where basket indices and service bands have been aggregated even though some study area tariffs have been kept separated.

form should correspond to only one rate element. The rows should reflect the basket and service category sequence used in RTE1. There are no revisions to this spreadsheet.

### 13. **Services Excluded from Price Caps**

31. For the 2013 filing, we request that price cap ILECs provide a list of services that are tariffed, but are excluded from price caps. The list should identify the tariff section containing each service. Rate element details must be provided for the following categories: Special Construction/ICBs; Packet Services (e.g., ATM, Frame Relay); End User Charges (e.g., USF charges, LNP); Government Services (e.g., FTS); Miscellaneous/Other (e.g., engineering services); and services that were in price caps but have been removed (e.g., interexchange services, special access). ILECs do not have to include the services removed pursuant to the *USF/ICC Transformation Order* in this list. For the remaining services included in the list, ILECs must identify the major service, indicate whether the rate is recurring or non-recurring, and the authority relied on to remove the service. ILECs must also clearly state in their cover letter where this information can be found in their TRP.

### C. **Miscellaneous**

32. In addition to the above specifications, price cap ILECs must include with their support materials a list of all currently applicable Part 69 waivers. The list should include the following information: (1) a citation to the Commission or Bureau order granting the waiver; (2) a brief description of the waiver, including whether any new rate elements were authorized; and (3) the basket and, if applicable, service category of each rate element affected by the waiver.

## IV. **RATE-OF-RETURN TARIFF REVIEW PLAN**

### A. **Modifications to the Rate-of-Return TRP**

33. In the 2013 rate-of-return TRP, we adopt certain modifications to the 2012 rate-of-return TRP in order to implement the *USF/ICC Transformation Order*. These modifications are noted in the forms and workpapers. The TRP for rate-of-return carriers is contained in the Appendix.

34. For special access and common line services, the 2013 rate-of-return TRP will be similar to the TRP in previous years. For switched access services, ILECs regulated pursuant to sections 61.38 and 61.39 of the Commission's rules must complete the ARC spreadsheets and the ROR-ILEC-ICC-data workbook, which contains several tabs with spreadsheets. The ARC spreadsheets will be the same as the spreadsheets filed by the price cap ILECs described in paragraph 17 above. The ROR-ILEC-ICC-data workbook will contain two spreadsheets for carriers to determine their intrastate and interstate rates and Eligible Recovery pursuant to sections 51.909(b)-(g) and 51.917(d) of the Commission's rules.<sup>54</sup> In addition, there will be a spreadsheet for carriers to calculate their reciprocal compensation rates and Eligible Recovery pursuant to sections 51.705 and 51.917(d) of the Commission's rules and a spreadsheet to summarize the carrier's Eligible Recovery.<sup>55</sup> These spreadsheets have all been modified from the 2012 spreadsheets to the extent necessary in order to implement the requirements of the *USF/ICC Transformation Order* for the step of the transition required for the July 2, 2013 annual access charge tariff filing.

### B. **General Guidelines Applicable to NECA**

35. We have not adopted a TRP for the National Exchange Carrier Association (NECA), although NECA should refer to the rate-of-return TRP for guidance on the level of support materials to provide in its annual filing. As in the past, NECA should provide: (1) earnings data for special access services using the ERN-1 format; and (2) average schedule company settlements using the COS-1 format.

<sup>54</sup> 47 C.F.R. § 51.909(b)-(g).

<sup>55</sup> *Id.* §§ 51.705, 51.917(d).

## V. GENERAL INSTRUCTIONS

36. The following general instructions apply to all ILECs. These instructions pertain to the TRPs and other documentation filed in support of access charges.

### A. Revised TRPs

37. If ILECs file to revise their TRP after June 17, 2013, the TRP should be refiled in its entirety, rather than just the parts of the TRP that are changed. The latest TRP filed becomes the TRP of record. Other parts of the original filing, *e.g.*, portions of the explanations, description and justification, and workpapers, may be omitted if unchanged by the revision.

### B. Certification

38. The filing of inaccurate or incomplete data may seriously detract from the ability of the Commission and interested parties to evaluate the revised rates. All ILECs must certify that their historical and forecast data are accurate by including a signed statement that the support data are true, correct, and complete to the best of the carrier's knowledge. This certification will apply to all data submitted in support of revised rates, including the data that are filed in the TRP. The text of the certification is the same as that adopted in the *1987 Waiver Order*.<sup>56</sup> The certification should be displayed as the last page in the filing containing each company's TRP. ILECs are also under a continuing legal obligation to correct any inaccurate or incomplete data subsequently discovered in the TRP or other support data.<sup>57</sup>

### C. Compliance with the Paperwork Reduction Act

39. This order contains modified information collection requirements subject to the Paperwork Reduction Act of 1995 (PRA), Public Law 104-13. It has been submitted to the Office of Management and Budget (OMB) for review under Section 3507(d) of the PRA. OMB, the general public, and other Federal agencies are invited to comment on the new or modified information collection requirements contained in this proceeding. In addition, we note that pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107-198, *see* 44 U.S.C. 3506(c)(4), we previously sought specific comment on how the Commission might further reduce the information collection burden for small business concerns with fewer than 25 employees.

40. In this order, we have assessed the effects of filing the TRP on ILECs and believe we have minimized the burden to the extent possible. We minimize the regulatory burden on the ILECs by deleting obsolete sections of the TRP that have not proved useful, and carriers need not file historical data that have been filed in previous years.

## VI. ORDERING CLAUSES

41. Accordingly, IT IS ORDERED that, pursuant to sections 1, 4 (i) and (j), 201-209, of the Communications Act, as amended, 47 U.S.C. §§ 151, 154(i), (j), 201-209, and pursuant to authority delegated in sections 0.91 and 0.291 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, this order IS HEREBY ADOPTED as described above.

42. IT IS FURTHER ORDERED that, pursuant to section 1.3 of the Commission's rules, 47 C.F.R. § 1.3, and pursuant to authority delegated in sections 0.91 and 0.291 of the Commission's rules, 47

<sup>56</sup> *Annual 1987 Access Tariff Filings*, Petitions for Waivers of Filing Requirements, Mimeo No. 6945 (rel. Sept. 16, 1986) (*1987 Waiver Order*).

<sup>57</sup> *See* 47 C.F.R. § 1.17 (establishing requirement for truthful and accurate statements in Commission matters, including "any tariff proceeding").

C.F.R. §§ 0.91, 0.291, section 61.49(k) of the Commission's rules, 47 C.F.R. § 61.49(k), IS WAIVED for the purpose specified in paragraph 6, *supra*.

43. IT IS FURTHER ORDERED that, pursuant to section 1.3 of the Commission's rules, 47 C.F.R. § 1.3, and pursuant to authority delegated in sections 0.91 and 0.291 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, sections 51.907(c)(3) and 51.909(c)(1) of the Commission's rules, 47 C.F.R. §§ 51.907(c)(3), 51.909(c)(1) 69.104, 69.152, ARE WAIVED for the purposes specified in paragraphs 8-11, *supra*.

FEDERAL COMMUNICATIONS COMMISSION

Victoria S. Goldberg  
Acting Chief, Pricing Policy Division  
Wireline Competition Bureau

## **Appendix**

### **All Tariff Review Plans**

<http://fcc.gov/encyclopedia/tariff-review-plans>